

UNITED STATES DEPARTMENT OF STATE  
BUREAU OF POLITICAL-MILITARY AFFAIRS  
WASHINGTON, D.C. 20520

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In the Matter of:

A & C International Trade Inc.

Respondent

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CONSENT AGREEMENT

This Agreement is made by and between A & C International Trading Inc. ("A & C International") and the United States Department of State ("Department"), pursuant to section 128.11 (b) of the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130) (the "Regulations").

WHEREAS, The Office of Defense Trade Controls (ODTC), Bureau of Political Military Affairs, United States Department of State, has notified A & C International Trade Inc. of its intention to initiate an administrative proceeding against A & C International Trade Inc. pursuant to section 38 (e) of the Arms Export Control Act (the "Act") (22 U.S.C. § 2778 (e)) and § 128.3 of the Regulations, based upon the allegation that A & C International violated section 38 of the Act (22 U.S.C. § 2778) and § 127.2 of the Regulations, as set forth in the proposed Charging Letter of March 10, 2000, attached hereto and incorporated by reference herein, by causing to be altered an addendum to an export license and utilizing that document for the purpose of exporting defense articles (22 C.F.R. § 121.1), thereby misrepresenting material facts.

WHEREAS, A & C International has reviewed the proposed Charging Letter and fully understands it and this Agreement, and enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, A & C International wishes to settle and dispose of all civil charges pursuant to section 38 identified in the proposed Charging Letter by entering into this Consent Agreement;

WHEREAS, The Department and A & C International agree to be bound by this Agreement and a related administrative order ("Order") (attached) to be entered by the Assistant Secretary for Political-Military Affairs;

Parties

- (1) The Parties to this Agreement are the Department and A & C International. The term "A & C International" includes, its wholly owned subsidiaries, its operating divisions, subsidiaries, assignees and successors:

Jurisdiction

- (2) The Department has jurisdiction over A & C International under the Act and the Regulations in connection with the matters identified in the proposed Charging Letter.

Penalty

- (3) A & C International agrees to pay the Department a civil penalty of \$100,000, (one hundred thousand dollars) in complete settlement of alleged civil violations of the Act or the Regulations set forth in the Department's proposed Charging Letter. A & C International also agrees to the payment schedule as outlined in the Order. A & C International also agrees to a 3 year debarment. A & C International can apply for reinstatement at the end of a one year period from the date of this Consent Agreement provided the \$100,000 penalty and other requirements of reinstatement have been satisfied.

Miscellaneous

- (5) A & C International understands that the Department will make the proposed Charging Letter, this Consent Agreement, and the relevant Order, when entered, available to the public.
- (6) The Department and A & C International agree that this Consent Agreement is for settlement purposes only. A & C International neither admits nor denies the allegation in the proposed Charging Letter. If this Consent Agreement is not approved, and the Order is not entered by the Assistant Secretary for Political Military-Affairs, the Department and A & C International agree that they may not use this Consent Agreement in any administrative or judicial proceeding and that neither party shall be bound by the settlement terms contained in this Consent Agreement in any subsequent administrative or judicial proceeding.
- (7) No agreement, understanding, representation or interpretation not contained in this Consent Agreement may be used to vary or otherwise affect the terms of this Consent Agreement or the Order, when entered, nor shall this Consent Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

- (8) The Department agrees that this Agreement resolves any civil penalties, through the signing of the Order, with respect to that information pertaining to possible violations of section 38 of the Act or the Regulations, that A & C International pled guilty to on March 10, 2000.

The Department reserves the right to consider imposing additional civil administrative sanctions in the event that A & C International fails to fulfill the requirements of this Consent Agreement, or in the future is responsible for other compliance or law enforcement concerns under the Act or other statutes specified in 22 C.F.R. § 120.27.

- (9) A & C International agrees that, upon entry into force of the Order, it waives all rights to further procedural steps in the matter, including an administrative hearing pursuant to § 128 of the Regulations (except with respect to the alleged violation of this Agreement).
- (10) This Consent Agreement shall become binding on the Department only when the Assistant Secretary of Political-Military Affairs approves it by entering the Order which will have the same force and effect as a decision and Order after a full administrative hearing on the record.

U.S. DEPARTMENT OF STATE

A & C INTERNATIONAL TRADE INC.

By: Eric D. Newsom  
Eric D. Newsom  
Assistant Secretary for  
Political-Military Affairs  
Department of State  
Authorized Representative

MAR 14 2000

(Date)

By: P. Brodnax  
Pleasant Brodnax, III  
Counsel  
A & C International Inc.

Authorized Representative

3/10/00

(Date)